

## Message Text

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PAGE 01 STATE 250807  
ORIGIN TRSE-00

INFO OCT-01 EUR-12 ISO-00 EB-08 SS-15 NSCE-00 SIG-01  
L-03 SSO-00 CIAE-00 INR-07 NSAE-00 INRE-00 SP-02  
OMB-01 PRS-01 IO-13 /064 R

DRAFTED BY TREASURY:MRYSS:SMCP  
APPROVED BY EB/IFD:CFMEISSNER  
TREASURY:CFBERGSTEN  
EUR:RBARBOUR  
NSC:TDEAL  
E:JOHNSTON(SUBS)  
S/S-O:TMARTIN

-----111265 191335Z /42 L

O P 191257Z OCT 77  
FM SECSTATE WASHDC  
TO AMEMBASSY PARIS IMMEDIATE  
AMEMBASSY ROME PRIORITY  
INFO AMEMBASSY BRUSSELS PRIORITY  
AMEMBASSY LONDON PRIORITY  
AMEMBASSY BONN PRIORITY  
AMEMBASSY THE HAGUE PRIORITY  
AMEMBASSY MOSCOW PRIORITY  
AMEMBASSY COPENHAGEN PRIORITY

C O N F I D E N T I A L STATE 250807

PARIS ALSO USOECD (PASS HUFBAUER), BRUSSELS ALSO USEEC

E.O. 11652: GDS

TAGS: EFIN, IT, FR, UR

SUBJECT: ITALIAN AND FRENCH CREDIT AGREEMENT WITH USSR

REF: ROME 16496 AND PARIS 29551

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1. AMBASSADOR GARDNER'S STRONG EXPRESSION OF CONCERN TO  
MINISTER OSSOLA WAS RIGHT ON TARGET. ITALIAN AND FRENCH  
DECISION SERIOUSLY UNDERMINES COOPERATIVE EFFORTS DEAL  
WITH PROBLEMS IN ECONOMIC AND POLITICAL SPHERE.

2. CAPITULATION BY ITALIAN AND FRENCH GOVERNMENTS TO  
PRESSURE BY SOVIETS TENDS TO LEAVE OTHER WESTERN GOVERN-

MENTS EXPOSED AND VULNERABLE TO PRESSURES FOR PROVIDING  
SIMILAR CREDIT TERMS TO USSR. IN SUCH A SITUATION, ONLY  
THE SOVIETS BENEFIT. MOREOVER, DECISION TO EXTEND NEW  
CREDITS ON BASIS PREVIOUS INTEREST RATES, WHICH ARE BELOW  
THE MINIMUM SET FORTH IN THE EXPORT CREDIT CONSENSUS,  
RAISES FUNDAMENTAL QUESTION ABOUT VIABILITY OF THE CONSEN-  
SUS AND FURTHER EFFORTS TO SUBSTANTIALLY IMPROVE THE CON-  
SENSUS AS ENDORSED AT THE LONDON ECONOMIC SUMMIT IN MAY.

3. AMBASSADOR GARDNER REQUESTED MAKE FURTHER DEMARCHE  
EXPRESSING DISAPPOINTMENT WITH ITALIAN DECISION TO

BREACH CONSENSUS MINIMUM INTEREST RATE, EMPHASIZING THE  
ADVERSE POLITICAL AND ECONOMIC CONSEQUENCES OF THE  
ITALIAN ACTION.

4. AMBASSADOR HARTMAN ALSO REQUESTED MAKE  
DEMARCHE ALONG SAME LINES AS INDICATED PARA 3 ABOVE AND  
TO POINT OUT THAT FRENCH DECISION HAS ALREADY TRIGGERED  
ITALIAN ACTION WITH LIKELIHOOD OF SIMILAR ACTION BY  
OTHER WESTERN GOVERNMENTS TO DETRIMENT OF JOINT EFFORTS TO  
DEAL WITH MAJOR ECONOMIC AND POLITICAL PROBLEMS. IN THIS  
CONNECTION, AMBASSADOR HARTMAN SHOULD EMPHASIZE OUR  
COMMITMENT TO TRY TO BUILD ON THE CURRENT CONSENSUS BUT  
INDICATE THAT THE U.S. CANNOT BE EXPECTED TO IGNORE  
ACTIONS BY OTHER PARTICIPANTS THAT CIRCUMVENT THE CON-  
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SENSUS.

5. U.S. DELEGATION TO EXPORT CREDIT MEETING, OCTOBER  
19-21, SHOULD STATE THAT WE ARE AWARE THAT SOME PARTICI-  
PANTS RECENTLY NEGOTIATED CREDIT ARRANGEMENTS ON TERMS  
BELOW THOSE ALLOWED IN THE CONSENSUS AND THAT WE VIEW  
SUCH ARRANGEMENTS WITH CONCERN. YOU SHOULD ALSO NOTE  
THAT DESPITE OUR COMMITMENT TO IMPROVING THE CONSENSUS,  
THE U.S. CANNOT BE EXPECTED TO IGNORE ACTIONS BY OTHERS  
THAT CIRCUMVENT THE CURRENT CONSENSUS. VANCE

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CREDIT AGREEMENTS  
**Control Number:** n/a  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977STATE250807  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** MRYSS:SMCP  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
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**Message ID:** c521122c-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN TRSE  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 ROME 16496, 77 PARIS 29551  
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**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ITALIAN AND FRENCH CREDIT AGREEMENT WITH USSR  
**TAGS:** EFIN, IT, FR, UR  
**To:** PARIS ROME  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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